

cc: All CFO Mgr



Department of Energy

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June 24, 2004

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SUBJECT: FISCAL YEAR 2004 ACCOUNTING PROCESS CHANGE FOR INTER-ENTITY TRANSACTIONS, FORMERLY KNOWN AS TRANSFERS

The purpose of this memorandum is to provide further guidance on preliminary decisions made regarding the implementation of the new Fiscal Year 2004 accounting process change for inter-entity transactions, formerly known as "transfers". The new process is necessary for the successful implementation of the Department's I-MANAGE Standard Accounting and Reporting System (STARS) by October 1, 2004.

On May 20, 2004, James T. Campbell, Acting Director, Office of Management, Budget and Evaluation/Acting Chief Financial Officer (HQ), issued a memorandum directing the implementation of the new accounting requirements outlined in the revised draft of Chapter 12 of the DOE Accounting Handbook, for Interoffice Work Orders (IWOs) and Memorandum Purchase Orders (MPOs). Even though HQ is pursuing revised policy, we are required to complete certain actions in the next two months for effective implementation of the new approach. Recognizing that there are limited resources and a heavy existing workload, we are providing as much time as possible to complete the following actions:

- All offices and integrated contractors should begin immediately to reconcile all inter-entity work transfer activity. To avoid adverse impact to the STARS implementation schedule, this activity must be completed no later than July 31, 2004.
- All inter-entity work will be performed on a reimbursement basis (YN1901/YN1902) under BSC 141X/314X. Therefore, all advances related to inter-entity activity must be liquidated by July 31, 2004.



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- To maximum extent possible, do not issue transfer vouchers or IWOs in July.
- It is important to note that all cost transfers related to IWOs must stop on July 31, 2004. Any July costs that would normally be transferred in August under the current policy must instead be invoiced in accordance with the new policy. Additionally, any cost adjustments to July transactions made after July 31, 2004, will have to be processed under the new policy.
- During August 2004, all DOE offices will coordinate the obligation/deobligation of the July 31, 2004, uncosted IWO/MPO transfer funds. This activity must be completed no later than August 31, 2004.
- During August, the performing office will obligate the July 31, 2004, uncosted IWO and MPO balances using Fund Type YZ and B&R YN 1901. Prior to obligating these uncosted balances, the performing office must record obligational authority in Fund Type YZ by recording a credit obligation against B&R YN 1902 that is equal to the uncosted IWO/MPO balances. In accordance with the draft policy, each individual IWO must be assigned a unique order number. To simplify the recording of obligations for transactions between integrated contractors that are less than \$250,000 (MPOs), a generic order (e.g. 9999) will be used. It is expected that integrated contractors will continue to use their current numbering system for tracking MPOs at the detail level. Transactions under \$250,000 that involve a field office must use a unique order number.

Except for offices currently tracking IWO order numbers in the cost center field in DISCAS/MARS, order numbers will be entered in the program/task field and must be prefaced by TSK. For those offices currently tracking IWO order numbers as well as other data in the cost center field, it is imperative for conversion purposes that the different types of data be readily identified. Other Party Identification (OPI) codes will continue to be used. This activity must be completed not later than August 31, 2004.

- All IWO/MPO transfer related accounts must have zero uncosted balances as of August 31, 2004.


The new policy for issuing, accepting, and accounting for inter-entity work will become effective on August 1, 2004. We realize that this request will entail a substantial amount of work to modify contracts and record the budget and accounting entries at your sites. We apologize in advance for the additional burden imposed by this aggressive implementation schedule.

Addressees

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We will keep you informed as final guidance is received from OMBE/CFO. Please advise your contractors as appropriate. If you have any questions, please contact Cornell Williams at (630) 252-2394.


Thomas C. Foley
Acting Chief Financial Officer
For

Enclosure:
Plan of Action

cc: Michael E. Bartos, CFO, ANL, w/encl.
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Plan of Action and Milestones
Accounting Change for Inter-Entity Transactions
As of June 24, 2004

Task Description	Responsibility	Completion Date	Comments
1. Discontinue all Intra-Office Cost Transfers Issued and Received in June 2004	Field Office Contractors	June 30, 2004	<ul style="list-style-type: none"> Suspense July Intra-Office costs. Provides additional time for reconciling uncosted balances.
2. Discontinue all Inter-Office Transfers Issued in June 2004	Field Office Contractors	June 30, 2004	<ul style="list-style-type: none"> Suspense July Inter-Office costs. Provides additional time for reconciling uncosted balances.
3. Accept Only Inter-Office Transfers Received in July 2004	Field Office Contractors	July 31, 2004	<ul style="list-style-type: none"> We cannot control issuance of Inter-Office cost transfers. Must accept per HQ guidance.
4. Discontinue <u>all</u> cost transfers related to IWO's	Field Office Contractors	July 31, 2004	<ul style="list-style-type: none"> Per HQ guidance
5. Reconcile all inter-entity work transfer activity	Field Office Contractors	July 31, 2004	<ul style="list-style-type: none"> Field Office and Contractors must work with other authorizing and performing offices to confirm uncosted balances.
6. Liquidate all advances related to Inter-entity activity	Field Office Contractors	July 31, 2004	<ul style="list-style-type: none"> Field Office returns unliquidated balances to authorizing office via IPAC, balances returned as requested by each contractor.
7. Deobligate/Obligate July 31, 2004 uncosted balances of IWO/MPO transfer funds	Field Office	August 2004	<ul style="list-style-type: none"> Deobligate 820101/820201 and YN1901 balances; Re-Obligate for performing office under Fund Type YZ; B&R YN1901 Record credit obligation under Fund Type YZ; B&R YN1902, for amount obligated under YN1901 Deobligate 820102/820202 balances. Cost Center and OPI codes used on all deobligation/obligation transactions Complete no later than August 31, 2004

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8. Perform all Inter-entity work on a reimbursement basis (YN1901/YN1902)	Field Office Contractors	August 2004	<ul style="list-style-type: none"> ▪ July costs normally transferred in August invoiced in accordance with new policy. ▪ Any cost adjustments after July 31, 2004 processed under new policy. ▪ Performing Office uses BSC 1414 for Inter-Office Accounts Receivable; BSC 1415 for Intra-Office Accounts Receivable ▪ Authorizing Offices uses BSC 3141 for Inter-Office Accounts Payable; BSC 3142 for Intra-Office Accounts Payable. ▪ Cost Center and OPI codes used on all Inter-Entity cost transactions ▪ All activity under B&R 8201 and 8202; and (B&R YN1901 with Fund Type not equal YZ) must equal zero
9. Confirm all previous IWO/MPO accounts have zero uncosted balance	Field Office Contractors	August 31, 2004	